LANGLEY

Langley Holdings plc

Annual Report and Accounts 2011




www.langleyholdings.com


LANGLEY

LANGLEY

Contents

Mission:

To provide world-class engineering to world-class clients, building mutually beneficial long term relationships.

June 2011: Langley's *Gladiator* goes into battle, powering to the first of two wins in the Marseilles Trophy, part of the "world's leading regatta circuit", the TP52 Audi Med Cup.

Gladiator finished 3rd in the TP52 World Championship at Porto Cervo, Sardinia in October.

Section 1

Group Overview

The Langley Group is a globally operating, multi-disciplined engineering organisation providing capital equipment technologies to diverse markets around the world.

Originally established in 1975 by the current Chairman and CEO, Tony Langley, today the Group's businesses are either outright market leaders or key niche players in their particular field, providing advanced technologies using a systems based approach.

Langley technologies can be found at the core of industrial and commercial processes across the developed and developing world, often performing mission critical tasks in the most demanding of environments.

Financially independent and still under the ownership of the founding family, the Langley Group is proud to be a highly transparent business, making its annual and interim reports readily available to all its trading partners and employees. The Group's stance is that those partners and employees have a right to know who is ultimately behind the companies with whom they are engaged.

Langley Holdings plc comprises four divisions, based principally in Germany, France, and the United Kingdom, with a substantial presence in the United States. These divisions are further supported by a world-wide network of subsidiaries in the Americas, Europe, the Far East and Australasia. The Langley Group employs approximately 2,225 people worldwide.

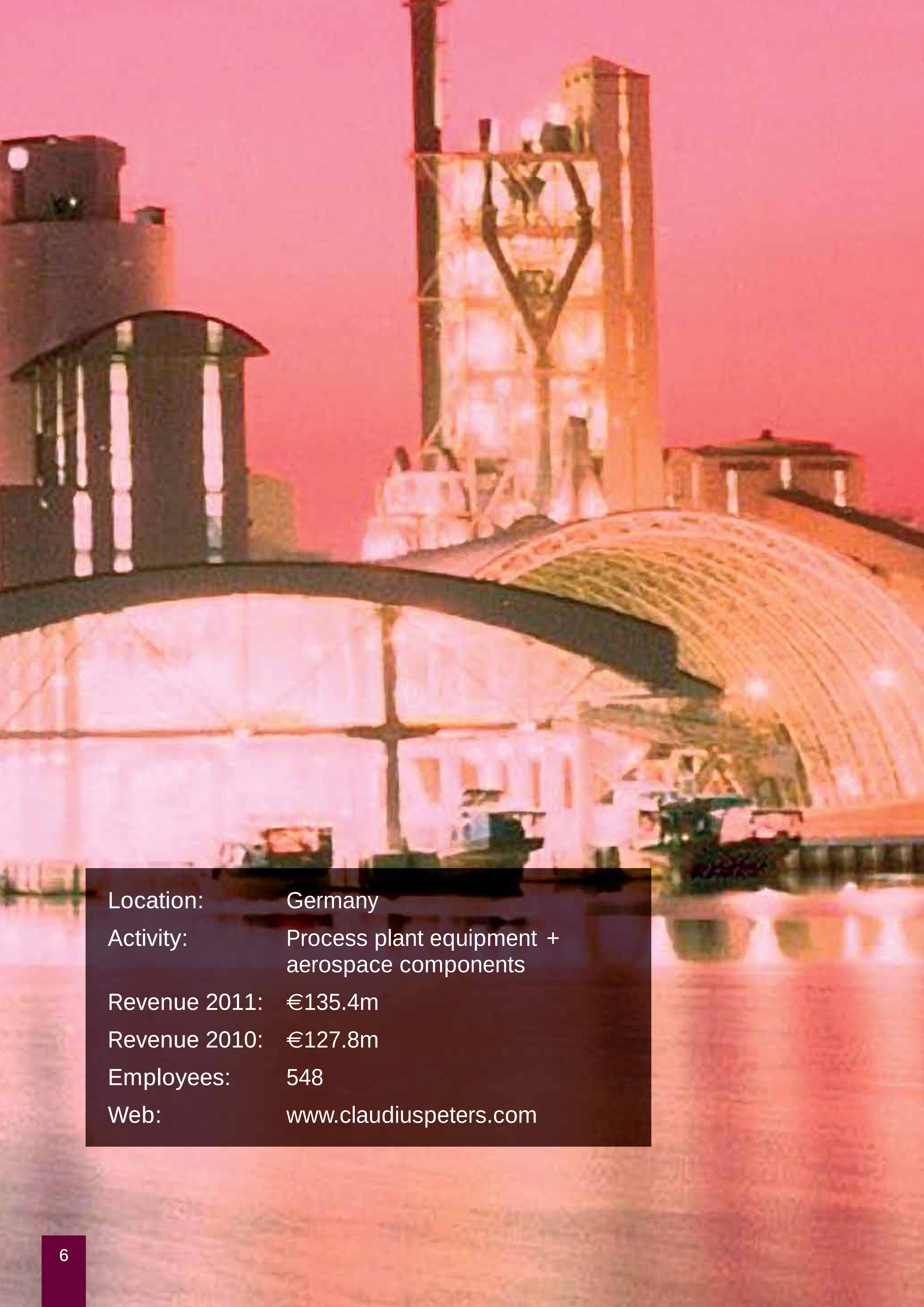
Location:	Germany
Activity:	Power protection systems + airport ground power systems + naval military systems
Revenue 2011:	€189.8m
Revenue 2010:	€157.2m
Employees:	748
Web:	www.piller.com

Piller Division

Piller Power Systems is Europe's leading producer of uninterruptible power supply (UPS) and back-up systems for high end data centres. Piller systems support the global banking and finance community, broadcasters, telecommunication networks, healthcare and other sectors operating mission critical electrical systems. Piller also manufactures ground power systems for civil and military airports and on-board electrical systems for surface and submarine naval military applications.

Modern manufacturing facilities at its Osterode headquarters, near Hanover in Germany, and its state-of-the-art, purpose-built assembly and testing facilities at nearby Bilshausen, are regarded as the most comprehensive of their kind and Piller is widely acknowledged as the outright leader in the field of high-end power protection. The company was founded in 1909 by Anton Piller and remained in the ownership of the Piller family until 1993, when it was acquired by the German utility, RWE AG. Piller became part of the Langley group in 2004.

Nothing protects quite like Piller



Location:	Germany
Activity:	Process plant equipment + aerospace components
Revenue 2011:	€135.4m
Revenue 2010:	€127.8m
Employees:	548
Web:	www.claudiuspeters.com

Claudius Peters Division

Headquartered near Hamburg in Germany, Claudius Peters produces innovative materials handling and processing systems for the global cement and gypsum industry and coal pulverizing and injection systems for the world's steel industry – sectors the group has been synonymous with for over a century. Today Claudius Peters continues to serve its global markets from Germany via a world-wide network of subsidiaries. Claudius Peters remains at the forefront of its field by maintaining a vigorous research, development and test programme at the headquarters Technikum (Technical Centre) in Buxtehude, near Hamburg which also houses a permanent exhibition of Claudius Peters' key technologies. In its aerospace division Claudius Peters manufactures aircraft "stringers", the longitudinal structural supports, several kilometres of which are to be found in each and every Airbus aircraft in service today. Since the early 1970s Claudius Peters was a division of the UK's Babcock International PLC and was acquired by Langley in 2001.

We know how

Location:	France
Activity:	Automotive welding technology
Revenue 2011:	€109.4m
Revenue 2010:	€63.9m
Employees:	451
Web:	www.arotechnologies.com

ARO Division

The ARO Welding Technologies group is widely regarded as the world leader in resistance welding technology, providing the automotive manufacturing industry with advanced robotic, manual and stationary welding solutions. An acronym of the original company founder’s name, Albert Rolland, who began by producing welding machines for the auto body repair market in 1949, the ARO group is headquartered in Chateau-du-Loir near Le Mans in France, home of the famous 24 hour motor race. Today ARO also produces its state-of-the-art welding equipment in the United States and in China and serves its global automotive clients via a network of subsidiaries in Belgium, Germany, Mexico, Spain, Sweden, Slovakia and the UK. ARO became part of the Langley Group in 2006 and was formerly part of the German MDAX engineering group, IWKA AG.

La qualitè sans compromis

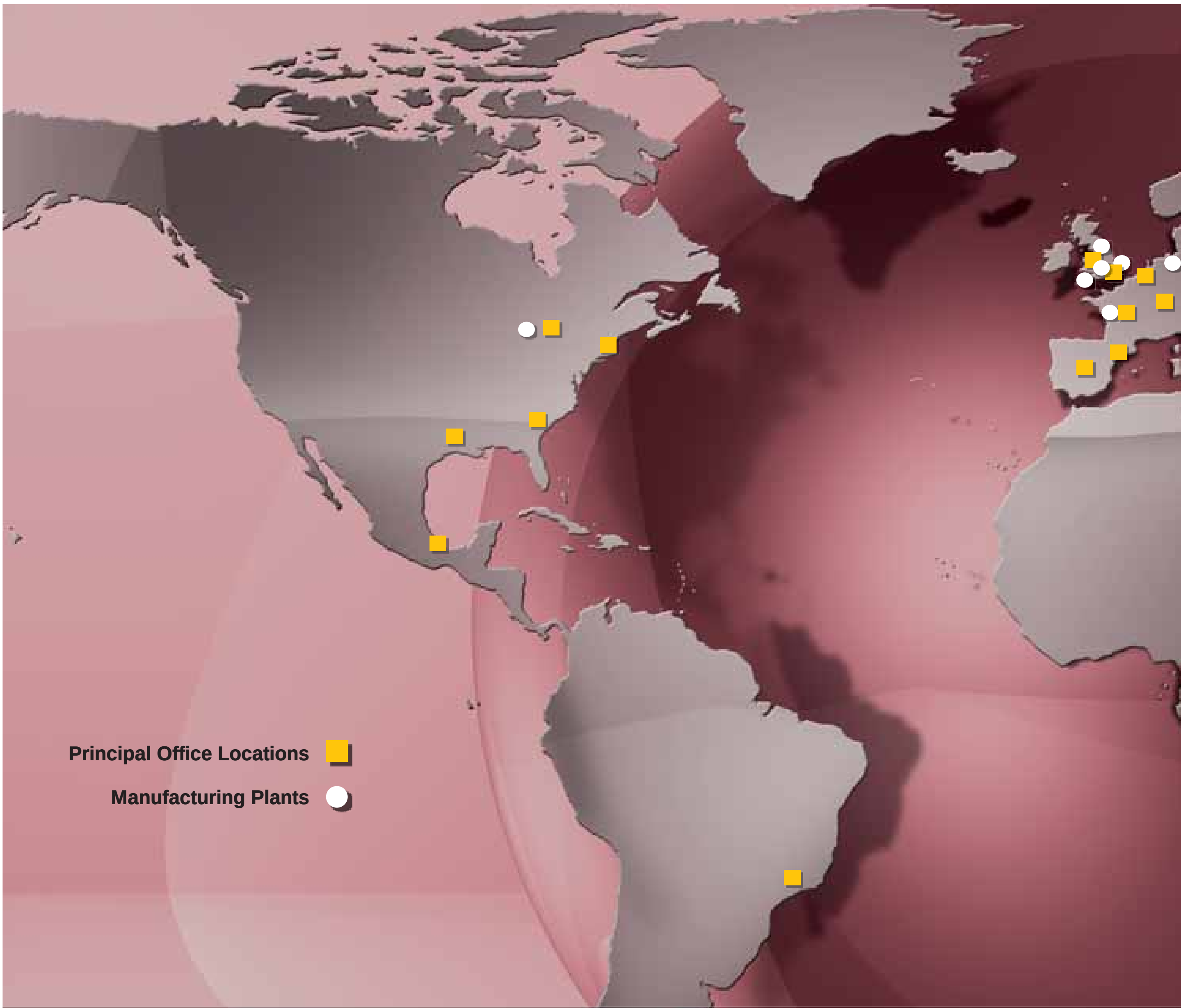
Location:	UK & US
Activity:	Diverse capital equipment + construction
Revenue 2011:	€59.8m
Revenue 2010:	€50.7m
Employees:	478

Other Businesses

Several other businesses, situated at various locations in the United Kingdom and in the United States, are consolidated under other businesses. The **Clarke Chapman Group** is principally a specialised producer of onshore cranes for the nuclear, military, and other sectors and offshore cranes for the oil & gas industry. Clarke Chapman operates principally from locations in Newcastle, Leeds, Wolverhampton and Bristol in the United Kingdom. Clarke Chapman was acquired by Langley from Rolls-Royce PLC in 2000. **Bradman Lake Group** produces integrated cartoning, wrapping and end-of-line packaging systems for the food industry and counts amongst its clients many of the world's leading food companies. Bradman Lake operates from locations in East Anglia and Bristol in the United Kingdom and from Rockhill, South Carolina, in the United States and became part of the Group in October 2007.

Other smaller business units within the Division, include: **JND Technologies**, a specialist in rotary thermal technologies and size reduction equipment; **Protran**, a builder of liquefied compressed gas road transport vehicles; **PEI**, a builder of pressure vessels and heat exchangers; **Reader**, a blender of cement grouts and grout machinery producer and **Oakdale Homes**, a regional UK house builder. All business units within the Division have their own websites accessible via the main portal, www.langleyholdings.com

Global Locations




Dallas, USA

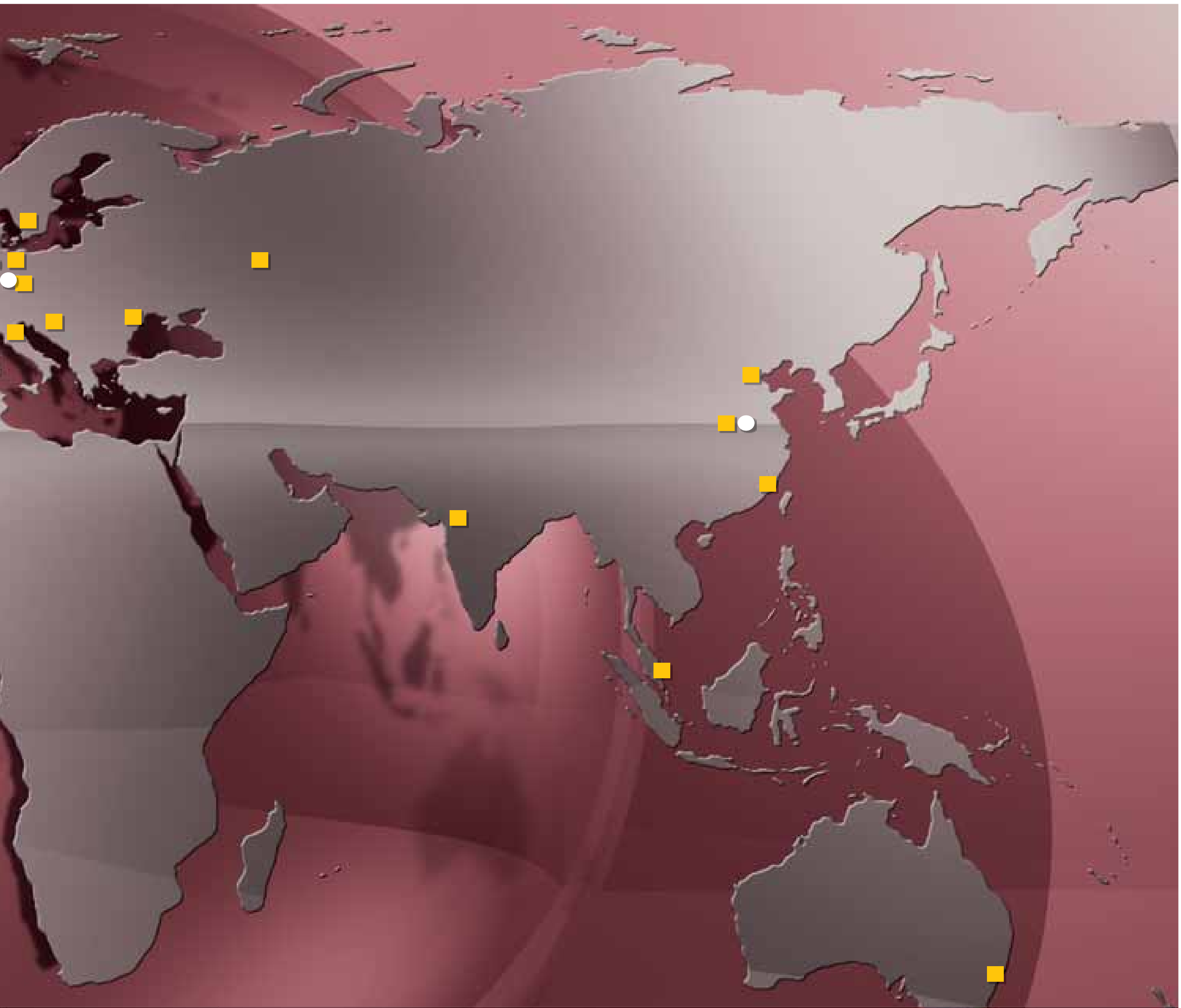

New York, USA

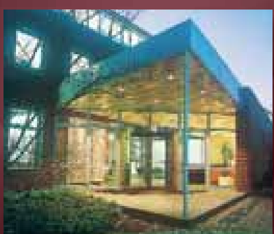

Detroit, USA


Le Mans, France

LANGLEY

ASIA PACIFIC - SINGAPORE | **AUSTRALIA** - SYDNEY | **BELGIUM** - BRUSSELS | **BRAZIL** - SAO PAULO | **CHINA** - BEIJING, HONG KONG, WUHAN | **FRANCE** - LE MANS, MULHOUSE, PARIS | **GERMANY** - HAMBURG, HANOVER, AUGSBURG **INDIA** - MUMBAI | **ITALY** - BERGAMO & MILAN | **MEXICO** - PUEBLA | **ROMANIA** - SIBIU | **SLOVAKIA** - BRATISLAVA **SPAIN** - BARCELONA & MADRID | **SWEDEN** - FIARAS | **USA** - ROCK HILL (SOUTH CAROLINA), DALLAS, NEW YORK, DETROIT **UNITED KINGDOM** - VARIOUS LOCATIONS





Hamburg, Germany

Mulhouse, France

Hanover, Germany

Retford, UK

IFRS Annual Report and Accounts 2011

Section 2

Company Information

YEAR ENDED 31 DECEMBER 2011

DIRECTORS:	A J Langley – Chairman J J Langley – Non-Executive B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITORS:	Nexia Smith & Williamson Statutory Auditor Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc PO Box 3333 One Snowhill Snowhill Queensway Birmingham B4 6GN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany

Key Highlights

YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December 2011 €'000	Year ended 31 December 2010 €'000
REVENUE	494,670	399,593
OPERATING PROFIT	73,132	64,027
PRE TAX PROFIT	76,312	65,611
NET ASSETS	295,852	237,589
NET CASH	245,728	186,835
ORDERS ON HAND	273,977	267,260

	No	No
EMPLOYEES	2,225	2,221

Chairman's Review

YEAR ENDED 31 DECEMBER 2011

In the year to 31 December 2011, the Group recorded revenues of €494.7 million (2010: €399.6 million) and generated an operating profit of €73.1 million (2010: €64.0 million). Net income from finance activities contributed a further €3.2 million (2010: €1.6 million) resulting in a profit before tax of €76.3 million (2010: €65.6 million) and a profit after tax of €56.4million (2010: €45.3 million). At 31 December net cash was €245.7 million (2010: €186.8 million) and net assets €295.9 million (2010: €237.6 million). Orders on hand at the year-end were €274.0 million (2010: €267.3 million).

In my review this time last year I was confident that our 2011 results would be an improvement on 2010. We had seen a significantly better order intake run-rate throughout 2010, culminating in a record €267 million at year-end 2010. That trend continued through 2011, closing just up on the previous year at €274 million. Consequently 2011 saw a return to a similar level of activity across the Group to that last seen in 2008. That year was our best ever and 2011 has set a new record result for operating and pre-tax profits, although adjusting for inflation over that period it was a similar performance to 2008. Nonetheless, a very satisfactory one.

Piller Division

Piller, headquartered near Hanover in Germany, principally produces advanced power protection systems for large data centres, together with aircraft ground power and naval military systems, produced exclusively at its manufacturing facilities in Osterode and nearby Bilshausen. The Division recorded revenues of €190 million – up by some 20% on 2010 – and returned an operating margin of 14%. In Western Europe Piller put in a strong performance, particularly in the home German market, with several notable high prestige contract awards, including a major project for the European Central Bank. Piller France was fairly flat and subsidiaries in Spain and Italy were understandably subdued given the turmoil in the financial markets. Piller UK, which primarily serves the UK banking and finance sector, also languished somewhat, although the UK outlook for 2012 is much improved. Piller USA meanwhile experienced a strong recovery in its markets in 2011, sales in the year accounting for more than a third of the Division's revenue. The Asia Pacific region also saw an improvement on the previous year and Piller Australia sales were up by over 36% on 2010. The trend looks set to continue at this level. Overall Piller traded at a similar level to before the crisis in 2011 and is expected to trade at a similar level in 2012. Orders on hand at the year-end were €103.8 million (2010: €106.1 million).

Claudius Peters Division

Claudius Peters (CP), headquartered near Hamburg in Germany, which primarily produces plant and machinery for the cement, steel and alumina industries, experienced

Chairman's Review (continued)

YEAR ENDED 31 DECEMBER 2011

a fairly flat trading year compared with 2010, nevertheless a satisfactory one with operating margins stable at 13% before exceptional gains on sales of €135.8 million (2010: €127.8 million). The settlement of a long standing legal action against a competitor for patent infringement accounted for an improvement on an otherwise identical year to 2010 for CP in Germany. Subsidiaries in China and Brazil fared well, the latter making up for continuing subdued activity in the US business. Subsidiaries in Spain, Italy and the UK all reported weak demand, although CP France had another strong year due to business from its North African markets, which accounts for much of the increase in order backlog for the Division at year-end.

In the aerospace division a new five year contract was agreed last February and the level of activity during the year was much the same as in 2010. However, for the first time in its history, fuselage stringers for Airbus were no longer produced exclusively by CP; Premium Aerotech, the manufacturing arm of the aircraft producer having opened a factory to manufacture certain of these components in Romania. Increased forecast demand going forward should compensate for the reduced volume but I will be watching closely how this develops in the future. Orders on hand at year end for the CP division overall were €123.8 million (2010: €111.8 million).

ARO Division

Last year I reported that the economic crisis, which had taken a particularly heavy toll on ARO's principal market, the automotive sector, had re-bounded in 2010 and that demand for ARO welding guns began to improve during that year, particularly in the last quarter. The trend continued and strengthened significantly in 2011 to result in ARO's most successful year ever, with revenues up by almost 75% from €63 million and €64 million in 2009 and 2010 respectively, to €109 million in 2011 and operating margins leapt from 6% to 15% due to the high utilisation level. The re-structuring we instigated at ARO's principal facility in France immediately post-acquisition in 2007 meant that the business remained marginally profitable in those very low revenue years and was able to step up production when required. However, such a sharp increase in demand was only possible to the extent that the latest generation of ARO welding guns, the so called "3G", still under development at the time of the acquisition, can be assembled in around a quarter of the time of the predecessor models and has been widely embraced by the market in the last few years. Demand was equally strong in ARO's North American markets with the US company experiencing an alike step-up at its assembly facility near Detroit. 2012 began with a similar level of activity at ARO facilities on both sides of the Atlantic although 2011 is viewed by management as very much an exceptional year. At year end the division had orders on hand of €34.0 million (2010: €22.6 million).

Other Businesses

Other Businesses Division, which comprises mainly smaller UK based companies, had a satisfactory year overall with revenues up by some 20% at €60 million (2010: €50.1 million) and operating margins much improved from 6% in 2010 to 12% in 2011. Bradman Lake, the packaging machinery specialist, put in an improved

Chairman's Review (continued)

YEAR ENDED 31 DECEMBER 2011

performance from its US operation after a difficult year in 2010, but it was the exceptional performance of its UK operations that resulted in a near doubling of budgeted profits for the Bradman Lake Group and which drove the improvement in the Division. Clarke Chapman, the nuclear cranes specialist, continued to languish on similar turnover but remained marginally profitable, as did JND thanks to a strong showing from the Reader Grout operation, although the process machinery activity is set to do better in 2012. During the year Langley Homes, the smallest business in the Group, was re-branded Oakdale Homes. The business continued to suffer due to a shortage of new home buyers, although with over 200 plots yet to be started in the land bank, continuity is ensured when the market does recover and there was some indication of this toward the year-end. The Division closed the year with order books of €21.3 million (2010: €26.4 million).

Our People

As is customary, no review of our Group would be complete without mention of our many employees around the world who, through their hard work and determination, make the Group the success that it is today. 2011 saw challenges for our managers of another kind, those associated with stepping up activity after three years of managing in a down-turn. Those challenges have been met admirably, such is the benefit of being part of an organisation that looks to the long term health of its member companies, rather than the short term benefit of its shareholders.

Conclusion

On the whole 2011 was a very satisfactory year for our Group and the outlook for 2012 is looking positive. Our existing businesses, poised for recovery in their respective markets a year ago, have largely done so in 2011, with only a very small part of the Group still languishing. A healthy carry-over of orders on hand at the year-end points to a similar level of activity in 2012 and although continued turmoil in the financial markets and a slowing of growth in developing economies remains a concern, the likelihood of a so-called "double dip" recession, which I said here a year ago that I thought to be much diminished, seems to me to be even less likely now. My view is that economic conditions in 2012 will be no worse and likely farer than in 2011 and consequently I expect that our Group will see similar, if not improved, trading results when compared with 2011.

Anthony J Langley

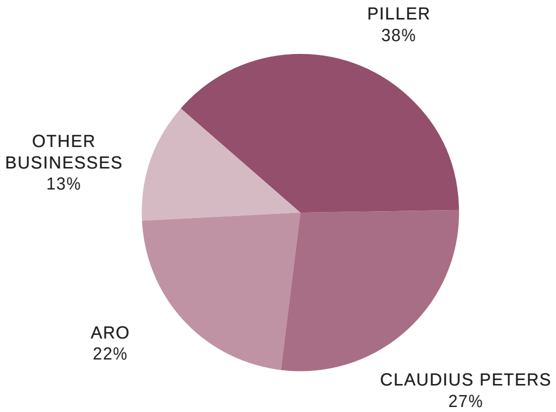
Chairman

31 January 2012

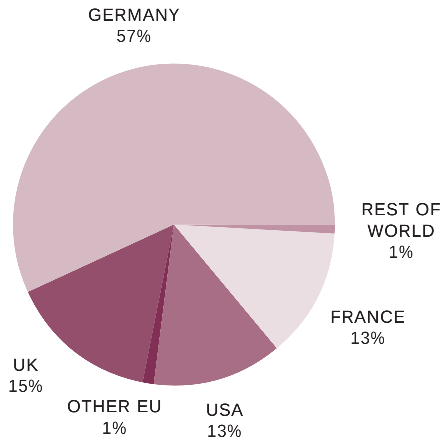
Geographical Distribution

YEAR ENDED 31 DECEMBER 2011

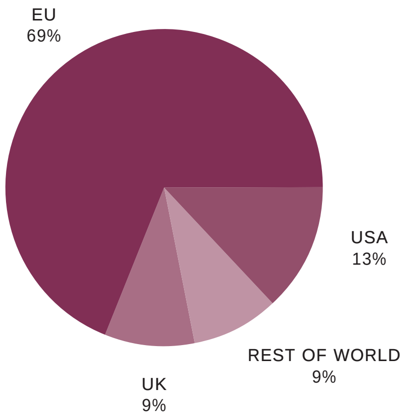
REVENUE BY DIVISION



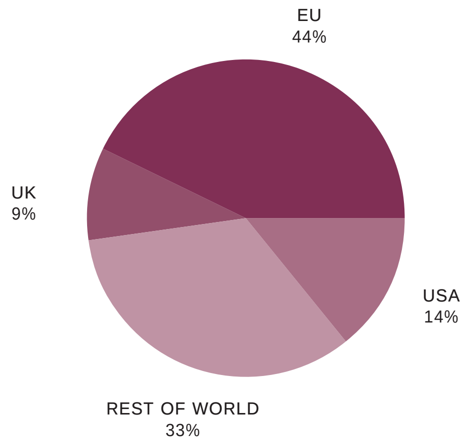
SITU OF FIXED ASSETS



REVENUE BY ORIGIN



REVENUE BY DESTINATION



Directors' Report

YEAR ENDED 31 DECEMBER 2011

The Directors present their Report together with the audited Accounts of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the engineering sector. The specific activities of the subsidiary undertakings are as disclosed in note 16 to the Accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 26. The profit attributable to the shareholder for the financial year was €56,387,000 (2010 - €45,316,000).

Dividends of €nil per share were paid to the ordinary shareholders during the year (2010 - €25). No final dividend was proposed at the year end.

BUSINESS REVIEW

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. The Chairman's review on pages 17 to 19 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it limits its exposure to any downturn in its traditional trading sector by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products for all markets. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Group's exposure to the volatility of exchange rates is mitigated through its geographical spread of operations.

(c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 17 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Chairman's Review. In addition, note 33 to the Accounts includes the Group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Thus they continue to adopt the going concern basis of accounting in preparing the Annual Accounts.

(d) Key performance indicators (KPI's)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPI's) on a regular and consistent basis across the Group. Examples of KPI's currently used include:

Directors’ Report (continued)

YEAR ENDED 31 DECEMBER 2011

BUSINESS REVIEW (continued)

(d) Key performance indicators (KPI’s) (continued)

Targets

- Regular monthly monitoring of as sold and developed contract margins
- Minimum return on capital, being profit before tax for the year as a percentage of equity, of 25%
- Minimum return on sales, being profit before tax for the year as a percentage of sales, of 8%

	2011	2010
Return on Capital	26%	28%
Return on Sales	15%	16%

The Board also considers the following non-financial key performance indicators:

- Staff turnover
- Orders in hand

These are reviewed monthly on information provided to the Board and details are shown on page 16.

(e) Research and development

The Group is committed to innovation and technical excellence. Via its divisions, the Group maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

EMPLOYMENT POLICY

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind and to training for the existing and likely needs of the business.

It is the Group’s policy to keep its employees informed on matters affecting them and actively encourages their involvement in the performance of the Group.

FINANCIAL RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 33 to the Accounts.

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group’s policy to abide by the terms of payment agreed with each of its suppliers. The average number of days’ purchases included within trade creditors for the Group at the year end was 31 days (2010 – 42 days).

DIRECTORS’ INTERESTS

The Directors of the Company in office during the year and their beneficial interests in the issued share capital of the Company were as follows:

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2011

DIRECTORS' INTERESTS (continued)

	At 31 December 2011 Ordinary shares of £0.10 each	At 31 December 2010 Ordinary shares of £0.10 each
A J Langley (Chairman)	1,000,000	1,000,000
J J Langley (Non-Executive)	-	-
B A Watson	-	-

The shareholding of Mr A J Langley represents 100% of the issued share capital of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Accounts for each financial year. Under that law the Directors have elected to prepare the Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit of the Group for that period. In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the Accounts comply with IFRSs as adopted by the European Union;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

B A WATSON
Company Secretary

Langley Holdings plc
Registered in England and Wales   Company number 1321615
31 January 2012

Independent Auditors' Report to the Member

YEAR ENDED 31 DECEMBER 2011

We have audited the Accounts of Langley Holdings Plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, set out on page 23, the Directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE ACCOUNTS

A description of the scope of an audit of Accounts is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON ACCOUNTS

In our opinion:

- the Accounts give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2011 and of the Group's profit for the year then ended;
- the Group Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Accounts have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report to the Member (continued)

YEAR ENDED 31 DECEMBER 2011

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the Accounts are prepared is consistent with the Accounts.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Neale
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol, BS1 6NA

31 January 2012

Nexia Smith & Williamson

NEXIA INTERNATIONAL
www.nexia.com

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2011

	Note	2011 €'000	2010 €'000
REVENUE	2	494,670	399,593
Cost of sales	3	(339,991)	(255,415)
GROSS PROFIT		154,679	144,178
Net operating expenses	3	(81,547)	(80,151)
OPERATING PROFIT	4	73,132	64,027
Finance income	6	3,359	1,789
Finance costs	7	(179)	(205)
PROFIT BEFORE TAXATION		76,312	65,611
Income tax expense	11	(19,925)	(20,295)
PROFIT FOR THE YEAR		56,387	45,316

All of the activities of the Group are classed as continuing. Profit for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 34 to 81 form part of these Accounts

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2011

	Note	2011 €'000	2010 €'000
Profit for the year		56,387	45,316
Other comprehensive income:			
Actuarial loss on defined benefit pension schemes	30	(475)	(567)
Deferred tax relating to actuarial losses	31	118	159
		(357)	(408)
Other deferred tax movements	31	118	53
Exchange differences on translation of foreign operations		2,115	4,929
Other comprehensive income for the year		1,876	4,574
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		58,263	49,890

The notes on pages 34 to 81 form part of these Accounts

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2011

	Note	2011 €'000	2011 €'000	2010 €'000	2010 €'000
NON-CURRENT ASSETS					
Intangible assets	14		2,774		2,824
Property, plant and equipment	15		57,099		55,656
Trade and other receivables	17		75		1,010
Deferred income tax assets	31		8,401		7,345
Income tax recoverable	18		499		-
			68,848		66,835
CURRENT ASSETS					
Inventories	19	66,670		53,067	
Trade and other receivables	21	115,936		122,956	
Cash and cash equivalents	22	245,728		186,835	
Current income tax recoverable	23	3,261		4,218	
		431,595		367,076	
CURRENT LIABILITIES					
Current portion of long term borrowings	27	20		20	
Current income tax liabilities	26	8,939		6,223	
Trade and other payables	24	137,835		140,959	
Provisions	25	25,328		16,220	
		172,122		163,422	
NET CURRENT ASSETS			259,473		203,654
Total assets less current liabilities			328,321		270,489
NON-CURRENT LIABILITIES					
Provisions	25	3,170		3,591	
Long term borrowings	28	40		60	
Trade and other payables	29	10,713		10,413	
Retirement benefit obligations	30	7,780		7,455	
Deferred income tax liabilities	31	10,766		11,381	
			32,469		32,900
NET ASSETS			295,852		237,589
EQUITY					
Share capital	35		163		163
Revaluation reserve	36		3,058		3,097
Retained earnings	37		292,631		234,329
TOTAL EQUITY			295,852		237,589

Approved by the Board of Directors on 31 January 2012 and signed on its behalf by

A J LANGLEY

Director..

J J LANGLEY

Director..

The notes on pages 34 to 81 form part of these Accounts

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2011

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2010	163	3,198	209,338	212,699
Profit for the year	-	-	45,316	45,316
Depreciation transfer	-	(104)	157	53
Currency exchange difference arising on retranslation	-	3	4,926	4,929
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(408)	(408)
TOTAL COMPREHENSIVE INCOME	-	(101)	49,991	49,890
Dividends paid	-	-	(25,000)	(25,000)
AT 31 DECEMBER 2010	163	3,097	234,329	237,589
Profit for the year	-	-	56,387	56,387
Depreciation transfer	-	(40)	158	118
Currency exchange difference arising on retranslation	-	1	2,114	2,115
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(357)	(357)
TOTAL COMPREHENSIVE INCOME	-	(39)	58,302	58,263
Dividends paid	-	-	-	-
AT 31 DECEMBER 2011	163	3,058	292,631	295,852

The notes on pages 34 to 81 form part of these Accounts

Company Statement of Financial Position

AS AT 31 DECEMBER 2011

	Note	2011 €'000	2011 €'000	2010 €'000	2010 €'000
NON-CURRENT ASSETS					
Property, plant and equipment	15		6,214		6,231
Investments	16		6,958		6,709
Deferred income tax assets	31		150		-
			13,322		12,940
CURRENT ASSETS					
Inventories	19	33		-	
Trade and other receivables	21	20,951		33,311	
Cash and cash equivalents	22	99,272		58,360	
Current income tax recoverable	23	284		415	
		120,540		92,086	
CURRENT LIABILITIES					
Trade and other payables	24	3,205		3,488	
		3,205		3,488	
NET CURRENT ASSETS			117,335		88,598
Total assets less current liabilities			130,657		101,538
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	31	-		33	
			-		33
NET ASSETS			130,657		101,505
EQUITY					
Share capital	35		163		163
Revaluation reserve	36		46		54
Retained earnings	37		130,448		101,288
TOTAL EQUITY			130,657		101,505

Approved by the Board of Directors on 31 January 2012 and signed on its behalf by

A J LANGLEY
Director..

J J LANGLEY
Director ....

The notes on pages 34 to 81 form part of these Accounts

Company Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2011

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2010	163	61	71,330	71,554
Profit for the year	-	-	53,549	53,549
Depreciation transfer	-	(9)	14	5
Currency exchange difference arising on retranslation	-	2	1,395	1,397
TOTAL COMPREHENSIVE INCOME	-	(7)	54,958	54,951
Dividends paid	-	-	(25,000)	(25,000)
AT 31 DECEMBER 2010	163	54	101,288	101,505
Profit for the year	-	-	28,313	28,313
Depreciation transfer	-	(10)	15	5
Currency exchange difference arising on retranslation	-	2	832	834
TOTAL COMPREHENSIVE INCOME	-	(8)	29,160	29,152
Dividends paid	-	-	-	-
AT 31 DECEMBER 2011	163	46	130,448	130,657

The notes on pages 34 to 81 form part of these Accounts

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2011

	Note	2011 €'000	2011 €'000	2010 €'000	2010 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	39		80,321		39,002
Bank and loan interest paid			(120)		(205)
Interest received			3,359		1,669
Income taxes paid			(18,128)		(19,349)
NET CASH FROM OPERATING ACTIVITIES			65,432		21,117
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of intangible assets		(77)		(1)	
Purchase of property, plant and equipment		(7,443)		(8,176)	
Proceeds from sale of property, plant and equipment		198		2,685	
NET CASH USED IN INVESTING ACTIVITIES			(7,322)		(5,492)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of amounts borrowed		(20)		(311)	
Dividends paid to the shareholder		-		(25,000)	
NET CASH USED IN FINANCING ACTIVITIES			(20)		(25,311)
Net increase/(decrease) in cash and cash equivalents			58,090		(9,686)
Cash and cash equivalents at 1 January 2011			186,835		193,585
Effects of exchange rate changes on cash and cash equivalents			803		2,936
Cash and cash equivalents at 31 December 2011			245,728		186,835
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		245,728		186,835

The notes on pages 34 to 81 form part of these Accounts

Company Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2011

	Note	2011 €'000	€'000	2010 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	39		11,949		(15,046)
Interest paid			(16)		(11)
Interest received			1,871		954
Income taxes received/(paid)			11		(1,315)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES			13,815		(15,418)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		26,966		52,694	
Purchase of property, plant and equipment		(320)		(2,807)	
Proceeds from sale of property, plant and equipment		23		-	
Purchase of subsidiary undertakings		(77)		(25)	
NET CASH FROM INVESTING ACTIVITIES			26,592		49,862
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to the shareholder		-		(25,000)	
NET CASH USED IN FINANCING ACTIVITIES			-		(25,000)
Net increase in cash and cash equivalents			40,407		9,444
Cash and cash equivalents at 1 January 2011			58,360		48,306
Effects of exchange rate changes on cash and cash equivalents			505		610
Cash and cash equivalents at 31 December 2011			99,272		58,360
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		99,272		58,360

The notes on pages 34 to 81 form part of these Accounts

Notes to the Accounts

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

(a) Basis of preparation

Langley Holdings PLC is a Company incorporated in the United Kingdom.

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the European Union applied in accordance with the provisions of the Companies Act 2006.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment.

New and amended standards which became effective during the year

The following new Standards and Amendments to Standards are mandatory for the first time for the financial year beginning 1 January 2011.

- **IAS 24 (revised) Related Party Disclosures**

IAS 24 has changed the definition of a related party and introduced a partial exemption from the disclosure requirements for government-related entities. There has been no material impact on the Group financial statements for the year ended 31 December 2011.

There were a number of Amendments to Standards dealing with financial instruments, business combinations, and presentation of financial statements, as well as a number of Interpretations, but none of these had a material impact on the group in the current period.

New and amended standards which are not effective for the current period

IFRS 9, Financial instruments, IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosures of Interests in Other Entities, and IFRS 13, Fair Value Measurement, are in issue but are not yet effective and have not yet been approved by the European Union.

A number of Amendments, Improvements and Interpretations have also been issued but are not yet effective.

The directors are currently assessing the impact of these new Standards, Interpretations and Amendments on the Group's financial statements.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(b) Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2011 using the purchase method and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition. Any excess or deficiency between the cost of acquisition and fair value is treated as positive or negative goodwill as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by Section 480 of the Companies Act 2006 from presenting its own Income Statement (note 13).

(c) Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

(d) Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation charged on those intangible assets that do not have an indefinite useful life is calculated as follows:

Patents and licenses - 2 to 10 years straight line

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

Property, plant and equipment is stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land	-	not depreciated
Freehold buildings	-	50 years straight line
Vehicles	-	4 to 10 years straight line
Plant and machinery	-	4 to 20 years straight line
Computers	-	3 to 8 years straight line

Revaluations of land and buildings are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the year end.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are initially measured at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts, and subsequently at their amortised cost.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for at amortised cost using the effective interest rate method.

Trade payables

Trade payables are non-interest bearing and are initially measured at their fair value and subsequently at their amortised cost.

(g) Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non current assets and stated at cost less any impairment in value. Any impairment is charged to the Company Income Statement.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(h) Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables	-	cost of purchase on first in, first out basis
Finished goods	-	cost of raw materials and labour together with attributable overheads
Work in progress	-	cost of raw materials and labour together with attributable overheads
Property for resale	-	cost of raw materials and labour together with attributable overheads

Net realisable value is based on estimated selling price less further costs to completion and disposal.

(i) Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to either the contract costs incurred up to the year end as a percentage of total estimated costs for each contract, or by reference to milestone conditions as defined in the contracts, as appropriate to the circumstances of the particular contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion, and are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(j) Taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Accounts. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

(k) Foreign currencies

(a) Transactions and balances

Transactions in currencies other than euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(b) Accounts of overseas operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(l) Revenue recognition

Revenue from sales of goods is recognised when the Group has delivered the products and the customer has accepted them, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of six months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(n) Pension obligations

Group companies operate various pension schemes that are funded and unfunded. The funded schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus or liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the year end less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

It was agreed to allow for the full and immediate recognition in the Statement of Financial Position of the opening deficit at 1 January 2005 with any subsequent additional gains or losses being recognised over time with the 'corridor' approach. To date these subsequent gains or losses have not exceeded the corridor and hence none have yet been recognised.

For defined contribution plans, contributions are recognised as an employee benefit expense when they are due.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(o) Leased assets

All leases are treated as "operating leases" and the relevant annual rentals are charged to the Consolidated Income Statement on a straight line basis over the lease term.

(p) Government grants

Government grants received to fund training of employees are credited to the Consolidated Income Statement in the period received.

(q) Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's Shareholder.

(r) Key assumptions and significant judgments

The preparation of the Accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement is required are highlighted below:

(i) Pensions

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 10 for further details.

(ii) Property, plant and equipment

The property, plant and equipment used in the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of the technological change, prospective economic utilisation and the physical condition of the assets.

(iii) Revenue recognition

Revenue and profit are recognised for contracts undertaken based on estimates of the stage of completion of the contract activity. The Group's policies for the recognition of revenue and profit are set out above.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

(r) Key assumptions and significant judgments (continued)

(iv) Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

(v) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 11 and 31 for further information.

(vi) Provisions

Provision is made for liabilities that are uncertain in timing or amount of settlement. These include provision for rectification and warranty claims. Calculations of these provisions are based on cash flows relating to these costs estimated by management supported by the use of external consultants where needed, discounted at an appropriate rate where the impact of discounting is material.

(s) Research and development

Research and development expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Income Statement as incurred.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2011 **€'000**	2010 **€'000**
Revenue from construction contracts	176,075	113,542
Sales of goods	318,595	286,051
	494,670	399,593

3 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	2011 **€'000**	2010 **€'000**
Cost of sales	339,991	255,415
Distribution costs	26,620	21,315
Administrative expenses	61,656	61,950
Other operating income (note 5)	(6,729)	(3,114)
Net operating expenses	81,547	80,151

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

4 OPERATING PROFIT

		2011 €'000	2010 €'000
Operating profit has been arrived at after charging:			
Directors' emoluments (note 8)		1,340	1,275
Depreciation of owned assets (note 15)		6,231	6,794
Amortisation of intangibles (note 14)		178	178
Research and development costs		5,844	5,747
Loss on sale of property, plant and equipment		37	75
Fees payable to the Group's auditor for the audit of the Group's Accounts		101	101
Fees payable to the Group's auditor and its associates for other services			
	- the auditing of Subsidiary Accounts pursuant to legislation	566	526
	- other services relating to taxation	76	76
	- all other services	131	151
Operating leases	- land and buildings	2,351	2,336
	- other	258	323
Impairment of trade receivables		62	265
Cost of inventories recognised as an expense (included in cost of sales)		201,450	145,987
Write down of inventories		2,585	2,596
And after crediting:			
Profit on sale of property, plant and equipment		88	2,089
Net profit on foreign currency translation		216	360

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

5 OTHER OPERATING INCOME

	2011 **€'000**	2010 **€'000**
Public grants	876	724
Rents receivable	295	294
Other income	4,058	2,096
Licences	1,500	-
	6,729	3,114

Other income represents various items each individually below €100,000.

6 FINANCE INCOME

	2011 **€'000**	2010 **€'000**
Bank interest receivable	3,229	1,551
Other interest receivable	130	238
	3,359	1,789

7 FINANCE COSTS

	2011 **€'000**	2010 **€'000**
Interest payable on bank borrowings repayable within five years	8	3
Other interest	171	202
	179	205

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

8 KEY MANAGEMENT PERSONNEL COMPENSATION

	2011 **€'000**	2010 **€'000**
Salaries and short-term employee benefits	1,405	1,257
Post-employment benefits	34	18
	1,439	1,275

All of the above key management personnel compensation relates to Directors.

Directors' emoluments

	2011 **€'000**	2010 **€'000**
Aggregate emoluments as Directors of the Company	1,306	1,257
Value of Group pension contributions to money purchase schemes	34	18
	1,340	1,275
Emoluments of the highest paid Director	916	807

	No	**No**
Number of Directors who are accruing benefits under money purchase pension schemes	1	1

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

9 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2011 **No**	2010 **No**
Management, office and sales	925	936
Manufacturing and direct labour	1,300	1,285
	2,225	2,221

The aggregate payroll costs of these persons were as follows:

	2011 **€'000**	2010 **€'000**
Wages and salaries	109,887	103,631
Social security costs	22,756	21,457
Other pension costs	1,529	1,567
	134,172	126,655

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES

Pension schemes operated

The Group operates four pension schemes in the United Kingdom: a self administered scheme for A J Langley and J J Langley; a scheme which provides defined benefits for certain employees of Piller (UK) Limited ("the defined benefits scheme"); a scheme which provides defined benefits in respect of pre 1 April 1991 service and defined contribution benefits in respect of post 1 April 1991 service (the "hybrid scheme") for certain employees in the 'Jenkins Newell Dunford Group of Companies' and 'Clarke Chapman Group of Companies', and a defined contribution scheme for certain other employees within these 'groups'. The Group contributed to other personal defined contribution schemes of various employees.

The total cost charged to income includes €163,000 (2010 - €118,000) representing contributions payable to the defined contribution schemes and the defined contribution section of the hybrid scheme by the Group at rates specified in the rules of the scheme.

The Group operates overseas pension schemes which are unfunded defined benefits schemes ("the unfunded schemes") for certain employees of Claudius Peters Projects GmbH, Claudius Peters Technologies SAS France, ARO Welding Technologies GmbH and ARO Welding Technologies SAS.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES

Scheme assets

The major categories of the scheme assets as a percentage of the fair value of total scheme assets are as follows:

	2011	2010
Equity instruments	20.2%	26.5%
Diversified growth fund	17.2%	19.2%
Debt instruments	35.8%	30.9%
Gilts	21.0%	18.4%
Other	5.8%	5.0%
	100.0%	100.0%

The assets of the defined benefits scheme and hybrid scheme are generally managed on a day-to-day basis by external specialist fund managers.

Main assumptions (rates per annum)

The main assumptions for the valuations of the schemes under IAS19 are set out below:

		2011		2010
	UK	Eurozone	UK	Eurozone
Rate of increase in salaries	4.0%	0.5–1.9%	4.5–5.0%	1.5%
Rate of increase in pensions	2.2–4.0%	2.0–3.0%	2.3–3.5%	1.5–3.0%
Discount rate	4.7%	3.2–4.8%	5.4%	3.3–5.0%
Inflation (a)	3.0%	0.5–1.9%	3.5%	1.5%

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES (continued)

(a) The inflation assumption shown for the UK is for the Retail Price Index. The assumption for the Consumer Price Index at 31 December 2011 was 2.5%.

The post retirement mortality assumptions allow for future improvements in longevity. The mortality tables used imply that a man aged 65 at the statement of financial position date has a weighted average expected future lifetime of 22 years (2010: 22 years) and that a man aged 65 in 2036 could have a weighted average expected future lifetime of 24 years (2010: 24 years).

	2011	2010
UK long term rate of return expected		
Equity instruments	4.5–7.0%	5.5–7.6%
Diversified growth fund	7.0%	7.6%
Debt instruments	1.5–4.7%	3.5–5.4%
Gilts	3.0%	4.4%
Other	0.25–1.5%	0.33–3.5%

Total expense recognised in the Income Statement

	2011 **€'000**	2010 **€'000**	2009 **€'000**
Current service cost	-	-	(1)
Interest cost	(531)	(546)	(521)
Expected return on assets	681	666	512
Group life premiums	-	-	4
Past service (cost)/credit (a)	(267)	1,241	(1,203)
Total defined benefit (expense)/credit and total expense recognised in the income statement	(117)	1,361	(1,721)

(a) The credit in the prior year includes €1.86m of unfunded defined benefits released on employees leaving employment of overseas subsidiaries.

The above amounts are included as an employee cost within net operating expenses.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES (continued)

Total amount recognised in other comprehensive income before tax

	2011 **€'000**	2010 **€'000**	2009 **€'000**
Actuarial losses	(550)	(567)	(1,424)
Gain/(loss) on currency translation on plans not using euro as their functional currency	116	(52)	-
Total loss recognised in other comprehensive income	(434)	(619)	(1,424)

	2011 **€'000**	2010 **€'000**
Actual return on scheme assets	842	1,300

(Deficits)/surpluses in the schemes

The following amounts were measured in accordance with IAS19 at 31 December:

	2011 **€'000**	2010 **€'000**	2009 **€'000**	2008 **€'000**	2007 **€'000**
Total fair value of scheme assets	13,235	12,194	10,594	7,551	11,310
Present value of obligations – funded	(11,401)	(10,152)	(9,218)	(7,689)	(11,222)
Present value of obligations – unfunded	(6,907)	(6,715)	(8,026)	(8,977)	(8,825)
Present value of obligations – total	(18,308)	(16,867)	(17,244)	(16,666)	(20,047)
Unrecognised net actuarial losses	(511)	(699)	(364)	(201)	(517)
Surplus not recoverable	(2,196)	(2,083)	(1,496)	(144)	(196)
Aggregate deficit to be shown in the statement of financial position	(7,780)	(7,455)	(8,510)	(9,460)	(9,450)

Deficits are shown in the statement of financial position as post retirement benefits. See note 30.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES (continued)

Movements in the present value of the defined benefit obligation and in the fair value of assets

The amounts shown below include the costs, contributions, gains and losses in respect of employees who participate in the schemes and who are employed in operations that are consolidated. Defined contribution plans are excluded from the movements below.

Changes in present value of obligations	2011 **€'000**	2010 **€'000**
Present value of obligations at start of the year	(16,867)	(17,241)
Adjustment	19	-
Interest cost	(531)	(546)
Actuarial losses	(711)	(279)
Amount provided and utilised in unfunded schemes	(193)	(441)
Benefits paid	287	277
Reclassification in unfunded schemes	(93)	1,826
Other movements	-	(154)
Exchange differences	(219)	(309)
Present value of obligation at end of the year	(18,308)	(16,867)

	2011 **€'000**	2010 **€'000**
Present value of obligation in the defined benefits scheme	(8,682)	(7,731)
Present value of obligation in the hybrid scheme	(2,719)	(2,421)
Present value of obligation in the unfunded schemes	(6,907)	(6,715)
	(18,308)	(16,867)

Gains and losses on obligations

	2011 **€'000**	2010 **€'000**	2009 **€'000**	2008 **€'000**	2007 **€'000**
Experience gains/(losses) (variances between the estimate of obligations and the subsequent outcome)	711	279	742	(1,270)	(1,005)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

10 RETIREMENT BENEFIT SCHEMES (continued)

Changes in the fair value of scheme assets:

	2011 **€'000**	2010 **€'000**
Fair value of scheme assets at the start of the year	12,194	10,594
Expected return on assets	681	666
Actuarial gains	161	634
Contributions by employers	151	134
Benefits paid	(287)	(277)
Exchange differences	335	443
Fair value of scheme assets at the end of the year	13,235	12,194

	2011 **€'000**	2010 **€'000**
Fair value of assets in the defined benefits scheme	10,878	9,814
Fair value of assets in the hybrid scheme	2,357	2,380
	13,235	12,194

Difference between the expected return and actual return on scheme assets:

	2011 **€'000**	2010 **€'000**	2009 **€'000**	2008 **€'000**	2007 **€'000**
Gain/(loss)	358	634	833	(1,851)	(325)

The Group expects to contribute €158,000 to the defined benefit pension scheme and the defined benefit section of the hybrid scheme in 2012.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

11 INCOME TAX EXPENSE

(a) Charge for the year

	2011 **€'000**	2010 **€'000**
Current income tax:		
UK corporation tax at 26% (2010 - 28%)	1,485	2,486
Overseas tax	21,568	17,217
Adjustments to prior year UK tax	(1,288)	(855)
Adjustments to prior year overseas tax	(460)	2,044
Total current taxation	21,305	20,892
Deferred income tax:		
Movement in overseas deferred tax	(1,158)	(570)
Movement in UK deferred tax	(222)	(27)
Total deferred taxation	(1,380)	(597)
Income tax expense	19,925	20,295

(b) Factors affecting tax expense

	2011 **€'000**	2010 **€'000**
Profit before taxation	76,312	65,611
Profit before taxation multiplied by the standard rate of tax of 26% (2010 - 28%)	19,841	18,371
Depreciation in excess of capital allowances	(547)	(189)
Expenses not deductible for tax purposes	1,342	1,428
Timing differences	(870)	(2,449)
Foreign tax adjustments	3,994	4,472
Utilisation of losses brought forward	(1,833)	(3,022)
Losses carried forward	467	146
Exchange adjustment	(721)	349
Adjustment to tax charge in previous period	(1,748)	1,189
Tax expense	19,925	20,295

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

11 INCOME TAX EXPENSE (continued)

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €3,601,000 at 31 December 2011 (2010 - €9,800,000) available for carry forward against future trading profits. In addition the Claudius Peters Group had overseas tax losses of approximately €1,492,000 at 31 December 2011 (2010 - €4,732,000) available for carry forward against future trading profits of that Group, and Piller Group had overseas tax losses of approximately €736,000 at 31 December 2011 (2010 - €nil) available for carry forward against future trading profits of that Group.

The ARO Group had overseas tax losses of approximately €308,000 at 31 December 2011 (2010 - €558,000) available for carry forward against future trading profits of that Group.

(d) Impact of future tax rate changes

The Chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 26%, which has applied from 1 April 2011, to 23%, via a series of 1% annual reductions. The reduction in the corporation tax rate to 25% from 1 April 2012 was enacted on 19 July 2011. As this rate was enacted at the balance sheet date, and reduces the tax rate expected to apply when temporary differences reverse, it has the effect of reducing the UK deferred tax balance.

The further rate reductions are to be incorporated within future legislative acts and so will not be substantively enacted until later periods. It is expected that the deferred tax balance should not be materially impacted by these proposed reductions in the corporation tax rate.

12 DIVIDENDS

Amounts recognised as distributions to the equity holder in the year:

	2011 **€'000**	2010 **€'000**
Interim: paid of €nil per share (2010 - €25 per share)	-	25,000

No final dividend has been proposed.

13 COMPANY PROFIT

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 whereby no individual Income Statement of the Company is disclosed. The Company's profit for the financial year amounted to €28,313,000 (2010 – €53,549,000).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

14 INTANGIBLE ASSETS

Group

	Positive Goodwill €'000	Patents and Licences €'000	Total €'000
Cost			
At 1 January 2011	2,122	2,623	4,745
Additions	77	-	77
Exchange adjustment	51	(7)	44
At 31 December 2011	2,250	2,616	4,866
Aggregate impairment and amortisation			
At 1 January 2011	-	1,921	1,921
Amortisation charge for the year	-	178	178
Exchange adjustment	-	(7)	(7)
At 31 December 2011	-	2,092	2,092
Net book values			
At 31 December 2011	2,250	524	2,774
At 31 December 2010	2,122	702	2,824
Cost			
At 1 January 2010	1,951	2,628	4,579
Additions	-	1	1
Exchange adjustment	171	(6)	165
At 31 December 2010	2,122	2,623	4,745
Aggregate impairment and amortisation			
At 1 January 2010	-	1,749	1,749
Amortisation charge for the year	-	178	178
Exchange adjustment	-	(6)	(6)
At 31 December 2010	-	1,921	1,921
Net book values			
At 31 December 2010	2,122	702	2,824
At 31 December 2009	1,951	879	2,830

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2011	67,683	71,809	8,927	16,639	165,058
Additions	636	4,606	1,242	959	7,443
Disposals	-	(1,667)	(905)	(1,196)	(3,768)
Exchange adjustments	293	228	107	137	765
At 31 December 2011	68,612	74,976	9,371	16,539	169,498
Depreciation					
At 1 January 2011	29,963	59,435	4,901	15,103	109,402
Charge for the year	1,401	2,787	1,359	684	6,231
Disposals	-	(1,657)	(771)	(1,193)	(3,621)
Exchange adjustments	30	172	61	124	387
At 31 December 2011	31,394	60,737	5,550	14,718	112,399
Net book amounts					
At 31 December 2011	37,218	14,239	3,821	1,821	57,099
At 31 December 2010	37,720	12,374	4,026	1,536	55,656

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2010	62,828	70,595	9,392	15,441	158,256
Additions	4,145	1,809	1,245	977	8,176
Disposals	-	(1,245)	(2,119)	(170)	(3,534)
Reclassification	-	(30)	2	28	-
Exchange adjustments	710	680	407	363	2,160
At 31 December 2010	67,683	71,809	8,927	16,639	165,058
Depreciation					
At 1 January 2010	28,154	56,955	4,640	14,156	103,905
Charge for the year	1,437	3,151	1,461	745	6,794
Disposals	-	(1,210)	(1,483)	(170)	(2,863)
Reclassification	-	(26)	-	26	-
Exchange adjustments	372	565	283	346	1,566
At 31 December 2010	29,963	59,435	4,901	15,103	109,402
Net book amounts					
At 31 December 2010	37,720	12,374	4,026	1,536	55,656
At 31 December 2009	34,674	13,640	4,752	1,285	54,351

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2011	5,425	2,093	1,507	468	9,493
Additions	29	46	202	43	320
Disposals	-	(19)	(132)	-	(151)
Exchange adjustments	137	54	41	14	246
At 31 December 2011	5,591	2,174	1,618	525	9,908
Depreciation					
At 1 January 2011	64	1,735	1,013	450	3,262
Disposals	-	(19)	(130)	-	(149)
Charge for the year	85	141	246	13	485
Exchange adjustments	5	49	30	12	96
At 31 December 2011	154	1,906	1,159	475	3,694
Net book amounts					
At 31 December 2011	5,437	268	459	50	6,214
At 31 December 2010	5,361	358	494	18	6,231

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Company (continued)

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2010	5,931	2,116	1,414	391	9,852
Additions	2,542	5	199	61	2,807
Disposals	(3,298)	(118)	(165)	-	(3,581)
Exchange adjustments	250	90	59	16	415
At 31 December 2010	5,425	2,093	1,507	468	9,493
Depreciation					
At 1 January 2010	71	1,680	825	391	2,967
Disposals	(82)	(113)	(153)	-	(348)
Charge for the year	73	97	307	42	519
Exchange adjustments	2	71	34	17	124
At 31 December 2010	64	1,735	1,013	450	3,262
Net book amounts					
At 31 December 2010	5,361	353	494	18	6,231
At 31 December 2009	5,860	436	589	-	6,885

The gross value of land and buildings is stated at:

	Group 2011 €'000	Group 2010 €'000	Company 2011 €'000	Company 2010 €'000
Freehold land and buildings				
Existing use open market value 2009	822	802	-	-
Existing use open market value 2007	4,392	4,392	-	-
Existing use open market value 2006	6,800	6,800	-	-
Existing use open market value 2004	550	537	550	537
Existing use open market value 2002	1,524	1,524	-	-
Cost	54,524	53,628	5,041	4,888
	68,612	67,683	5,591	5,425

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

15 PROPERTY, PLANT AND EQUIPMENT (continued)

All other assets are stated at historical cost.

If these assets had not been revalued they would have been included at the following historical cost amounts:

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Freehold land and buildings				
Cost	65,245	64,316	4,892	4,920
Aggregate depreciation	30,272	28,841	152	61

16 NON-CURRENT INVESTMENTS

	Company
	Shares in group undertakings
	€'000
Cost	
At 1 January 2011	6,709
Additions	77
Exchange adjustment	172
At 31 December 2011	6,958
Carrying amount	
At 31 December 2011	6,958
At 31 December 2010	6,709

	Company
	Shares in group undertakings
	€'000
Cost	
At 1 January 2010	6,415
Additions	25
Exchange adjustment	269
At 31 December 2010	6,709
Carrying amount	
At 31 December 2010	6,709
At 31 December 2009	6,415

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2011:

Company	Country of Registration	Principal Activity
The Clarke Chapman Group Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
Clarke Chapman Aftermarket Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
JND Technologies Limited	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts.
Oakdale Homes Limited	England	House builders.
Claudius Peters Group GmbH	Germany	Parent company (see below).
Claudius Peters Aerospace GmbH	Germany	Parent company (see below).
Pressure Engineering International Limited	England	Manufacture of process plant and equipment, steel structures, heat exchangers, tankage and pressure vessels.
Sail Cruising Limited	Antigua	Yacht charter.
Langley Aviation Limited	England	Aircraft transport.
ARO Welding Technologies SAS	France	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies Inc	United States of America	
Bradman Lake Group Limited	England	Dormant holding company (see below).
Retford Investments LLC	United States of America	Holder of real estate for other group companies.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of ARO Welding Technologies SAS, at 31 December 2011:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB	Sweden	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies SA de CV	Mexico	
ARO Welding Technologies SAU	Spain	
ARO Welding Technologies Limited	England	
ARO Welding Technologies SA-NV	Belgium	
ARO Welding Technologies s.r.o	Slovak Republic	
ARO Welding Technologies GmbH	Germany	
ARO Welding Technologies (Wuhan) Ltd	China	

The following companies are wholly owned unlisted trading subsidiaries of The Clarke Chapman Group Limited at 31 December 2011:

Company	Country of Registration	Principal Activity
Clarke Chapman Manufacturing Limited	England	Provision of manufacturing services.
Clarke Chapman Engineering Services Limited	Ireland	Provision of facilities management services.
Clarke Chapman Facilities Management Limited	England	Provision of facilities management services.
Clarke Chapman Machining Limited	England	Provision of machining services.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Group GmbH at 31 December 2011:

Company	Country of Registration	Principal Activity
Claudius Peters Projects GmbH	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment.
Claudius Peters Technologies SAS France	France	
Claudius Peters (Italiana) srl	Italy	
Claudius Peters (Iberica) SA	Spain	
Claudius Peters (China) Limited	Hong Kong	
Claudius Peters (UK) Limited	England	
Claudius Peters (Americas) Inc	United States of America	
Claudius Peters (do Brasil) Ltda	Brazil	
Claudius Peters (Romania) srl	Romania	
Claudius Peters (Beijing) Machinery Services Limited	China	
Claudius Peters (India) Pvt. Limited	India	
Claudius Peters (Asia Pacific) Pte Limited	Singapore	

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Aerospace GmbH at 31 December 2011:

Company	Country of Registration	Principal Activity
Claudius Peters Technologies GmbH	Germany	Design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment and aerospace components manufacture.

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Technologies GmbH at 31 December 2011:

Company	Country of Registration	Principal Activity
Piller Group GmbH	Germany	See overleaf
Piller Dynasine GmbH	Germany	See overleaf

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owed unlisted trading subsidiaries of Piller Group GmbH at 31 December 2011:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS	France	
Piller USA Inc	United States of America	
Piller UK Limited	England	
Piller Italia srl	Italy	
Piller Iberica SL	Spain	
Piller Power Singapore Pte. Limited	Singapore	
Piller Germany GmbH & Co KG	Germany	
Piller Management GmbH	Germany	

The following companies are wholly owned unlisted trading subsidiaries of Bradman Lake Group Limited, at 31 December 2011:

Company	Country of Registration	Principal Activity
Bradman-Lake Limited	England	All of the companies are involved in the design and manufacture of packaging equipment.
Bradman-Lake Inc	United States of America	

17 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2011	2010
	€'000	**€'000**
Other receivables	48	905
VAT recoverable	-	22
Pension scheme prepayment	27	83
	75	1,010

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

18 NON-CURRENT INCOME TAX RECOVERABLE

	Group	
	2011	2010
	€'000	**€'000**
Income tax	499	-

19 INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	34,695	27,355	-	-
Work in progress	22,664	17,592	-	-
Finished goods	9,311	8,120	33	-
	66,670	53,067	33	-

20 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2011	2010
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 21)	10,171	11,832
Amounts due to contract customers included in trade and other payables (note 24)	(4,583)	(4,738)
	5,588	7,094
Contract costs incurred plus recognised profit less recognised losses to date	113,969	142,519
Less: Progress billings	(108,381)	(135,425)
	5,588	7,094

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

21 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	83,173	73,506	103	84
Retentions	2,091	3,254	-	-
Amounts recoverable on construction contracts	10,171	11,832	-	-
Amounts owed by Group undertakings	-	-	17,559	14,097
Directors' current accounts (note 34)	459	17,317	459	17,317
Other receivables	7,233	6,327	2,627	1,467
VAT recoverable	3,548	2,393	149	324
Prepayments and accrued income	9,261	8,327	54	22
	115,936	122,956	20,951	33,311

INcluded within Group and Company Other Receivables is €358,000 (2010 - €350,000) which is due in greater than one year.

For terms and conditions relating to related party receivables, refer to note 34.

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group	
	2011	2010
	€'000	**€'000**
Balance at beginning of the year	2,125	2,742
Exchange differences	7	29
Charge for the year	371	96
Amounts written off	(58)	(186)
Unused amounts reversed	(95)	(556)
Balance at end of the year	2,350	2,125

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms.

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Group					
2011	18,565	7,172	1,552	3,018	550
2010	8,376	6,327	2,377	2,793	978
Company					
2011	-	-	-	4	94
2010	-	-	4	76	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand and at bank in current accounts	245,728	186,835	99,272	58,360

23 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Income tax	3,261	4,218	284	415

24 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	30,682	28,914	616	286
Other payables	6,736	5,622	82	80
Other taxes and social security	5,083	5,993	30	48
Accruals and deferred income	38,029	34,345	685	245
VAT payable	1,716	2,667	-	-
Amounts owed to Group undertakings	-	-	1,792	2,829
Payments on account	51,006	58,680	-	-
Amounts due on construction contracts	4,583	4,738	-	-
	137,835	140,959	3,205	3,488

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

25 PROVISIONS

Group

	Warranty Provision **€'000**	Other Provision **€'000**	Total **€'000**
Balance at 1 January 2011	17,926	1,885	19,811
Additional provision recognised	17,531	1,425	18,956
Provision utilised during the year	(7,044)	(625)	(7,669)
Provision released during the year	(2,362)	(275)	(2,637)
Foreign exchange difference	52	(15)	37
Balance at 31 December 2011	26,103	2,395	28,498
Current	23,144	2,184	25,328
Non-current	2,959	211	3,170

	Warranty Provision **€'000**	Other Provision **€'000**	Total **€'000**
Balance at 1 January 2010	21,090	5,165	26,255
Additional provision recognised	5,683	1,044	6,727
Provision utilised during the year	(5,095)	(1,492)	(6,587)
Provision released during the year	(3,997)	(2,757)	(6,754)
Foreign exchange difference	245	(75)	170
Balance at 31 December 2010	17,926	1,885	19,811
Current	14,455	1,765	16,220
Non-current	3,471	120	3,591

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. There were no provisions in the Company.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

26 CURRENT INCOME TAX LIABILITIES

	Group	
	2011	2010
	€'000	**€'000**
Income tax	8,939	6,223

27 CURRENT PORTION OF LONG TERM BORROWINGS

	Group	
	2011	2010
	€'000	**€'000**
Bank loans	-	-
Other loans	20	20
Total loans	20	20

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

28 LONG TERM BORROWINGS

	Group	
	2011	2010
	€'000	**€'000**
Bank loans	-	-
Other loans	60	80
	60	80
Due within one year (included in current liabilities)	(20)	(20)
	40	60
Amounts payable:		
Between one and two years	20	20
Between two and five years	20	40
	40	60

The fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 0% (2010 - 0%) on those loans during the year.

The Company has no long term borrowings.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

29 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2011	2010
	€'000	**€'000**
Trade payables	348	968
Accruals and deferred income	10,365	9,445
	10,713	10,413

30 RETIREMENT BENEFIT OBLIGATIONS

Group

	2011	2010
	€'000	**€'000**
At 1 January 2011	7,455	8,510
Utilised in the year	(57)	(39)
Total expense charged in the Income Statement in the year	100	350
Transfer direct to equity on actuarial loss	475	567
Contributions paid	(151)	(134)
Reclassification	93	(1,826)
Other movements	-	154
Exchange adjustments	(135)	(127)
At 31 December 2011	7,780	7,455
UK Defined Benefit Schemes	873	740
Overseas Unfunded Defined Benefit Obligations	6,907	6,715
Retirement benefit obligation in Statement of Financial Position (note 10)	7,780	7,455

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

31 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	8,401	7,345	150	-
Deferred tax liabilities	(10,766)	(11,381)	-	(33)
	(2,365)	(4,036)	150	(33)

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2011	4,036	5,201	33	63
Transfer to revaluation reserve	(118)	(53)	(21)	(6)
Exchange adjustments	(55)	(356)	(6)	3
Income Statement credit (note 11)	(1,380)	(597)	(156)	(27)
Release to equity on actuarial loss	(118)	(159)	-	-
At 31 December 2011	2,365	4,036	(150)	33

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

31 DEFERRED INCOME TAX (continued)

The movement in net deferred tax assets and liabilities during the year is as follows:

Group

	Accelerated tax depreciation €'000	Tax losses €'000	Other short term temporary differences €'000	Retirement benefit obligations €'000	Fair value gains €'000	Total €'000
At 1 January 2010	2,320	351	2,539	(597)	588	5,201
(Credit)/charge to income	57	(1,291)	875	(285)	47	(597)
Release to equity on actuarial loss	-	-	-	(159)	-	(159)
Transfer to revaluation reserve	-	-	-	-	(53)	(53)
Exchange differences	(193)	76	(276)	83	(46)	(356)
At 31 December 2010	2,184	(864)	3,138	(958)	536	4,036
Charge/(credit) to income	207	402	(1,133)	(258)	(598)	(1,380)
Release to equity on actuarial loss	-	-	-	(118)	-	(118)
Transfer to revaluation reserve	-	-	-	-	(118)	(118)
Exchange differences	(47)	9	(39)	21	1	(55)
At 31 December 2011	2,344	(453)	1,966	(1,313)	(179)	2,365

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

31 DEFERRED INCOME TAX (continued)

Company

	Accelerated capital allowances €'000	Fair value gains €'000	Total €'000
At 1 January 2010	-	63	63
Credit to income	-	(27)	(27)
Credit to equity	-	(6)	(6)
Exchange adjustments	-	3	3
At 31 December 2010	-	33	33
Credit to income	(140)	(32)	(172)
Credit to equity	-	(5)	(5)
Exchange adjustments	(5)	(1)	(6)
At 31 December 2011	(145)	(5)	(150)

Unprovided deferred taxation

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Accelerated tax depreciation	153	128	-	111
Tax losses available	999	982	-	-
Other short term timing differences	195	243	-	-
Retirement benefit obligation	84	91	-	-
	1,431	1,444	-	111

No deferred tax asset has been recognised in respect of the above accelerated tax depreciation, other short term temporary differences and tax losses because the Group is not expected to have sufficient relevant taxable profits to utilise these assets in the near future.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

32 CONTINGENT LIABILITIES

Contingent liabilities exist at the year end date in respect of:

	Group		Company	
	2011	2010	2011	2010
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	7,781	10,386
UK Group value added tax	-	-	304	567
UK bonds, guarantees and indemnities	355	1,137	355	1,137
Overseas bank guarantees	59,569	60,946	-	-
Overseas bonds, guarantees and indemnities	28,206	17,192	-	-
	88,130	79,275	8,440	12,090

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a group VAT registration. Throughout the Group, contingent liabilities exist in respect of guarantees, performance bonds and indemnities issued on behalf of Group companies by banks and 32 insurance companies in the ordinary course of business.

In view of the relatively low amount of bank borrowings when compared to cash and cash equivalents, the Directors believe that the likelihood of the guarantees being invoked is unlikely, therefore no provision has been recognised in these Accounts.

33 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise borrowings, cash and short term deposits, other loans and overdrafts and various items such as trade payables and trade receivables that arise directly from its operations. The main purpose of these financial instruments is to fund the Group's operations, as well as to manage its working capital, liquidity and surplus funds.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any borrowings held.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

33 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally Sterling, Euro and US dollars).

The Group publishes its Consolidated Accounts in euro and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the Euro is not the functional currency of that operation.

Financial Risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling to Euro and Other currencies to Euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Increase/decrease in Sterling rate	Effect on profit before tax €'000	Increase/decrease other exchange rates	Effect on profit before tax €'000
2011	+10%	(3,786)	+10%	(1,715)
	-10%	4,627	-10%	2,096
2010	+10%	(953)	+10%	(949)
	-10%	1,165	-10%	1,160

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debt risk is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

33 FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit.

Capital risk management

The Group defines capital as being share capital plus reserves and manages capital to ensure adequate resources are retained for continued growth of the Group. Access to capital includes the retention of cash on deposit and availability of funding through agreed capital facilities. Long term deposits are used to obtain more favourable rates of return only when adequate cash resources are maintained on shorter term deposit for the Group's working capital requirements.

34 RELATED PARTY TRANSACTIONS

At 31 December 2011, A J Langley owed €459,000 (2010 - €17,317,000) to the Company. The maximum overdrawn balance during the year was €17,317,000 (2010 - €17,317,000). The full amount has been repaid since the year end.

During the year, the Company invoiced the following management charges and provided funding to Group companies with the amounts outstanding at the year end:

	Amount invoiced during the year		Amount outstanding at the year end	
	2011	2010	2011	2010
Company	**€'000**	**€'000**	**€'000**	**€'000**
The ARO group of companies	488	408	742	341
The Bradman Lake group of companies	199	292	3,990	4,050
The Clarke Chapman group of companies	274	281	(37)	30
The Claudius Peters group of companies	1,611	1,479	130	178
The Piller group of companies	76	78	190	(987)
Other group companies	239	240	10,753	7,656

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €2,150,000 impairment of receivables relating to amounts owed by a subsidiary undertaking (2010 - €264,000) and reversed €2,357,000 against previous impairments.

The Company and Group are controlled by A J Langley, a Director of the Company.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

34 RELATED PARTY TRANSACTIONS (continued)

During the year, the following Group companies charged interest on loans made to the Company:

Company	2011 €'000	2010 €'000
The Clarke Chapman group of companies	4	5
Other companies	12	5

In addition the following Group companies paid interest on loans from the Company:

Company	2011 €'000	2010 €'000
The ARO group of companies	1	20
The Bradman Lake group of companies	127	163
Other group companies	440	354

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in full in the individual company Accounts.

35 SHARE CAPITAL

	2011 €'000	2010 €'000
Authorised:		
1,000,000 ordinary shares of £0.10 each	163	163
Allotted, issued and fully paid:		
1,000,000 ordinary shares of £0.10 each	163	163

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

36 REVALUATION RESERVE

This reserve is used to reflect changes in the fair value of land and buildings as indicated in note 1(e). It is not available for the payment of dividends.

37 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation reserves of €(4,449,000) (2010 - €(6,564,000)). Included within the retained earnings reserve for the Company is €666,000 (2010 - €(168,000)) of foreign currency translation reserves.

The net currency exchange difference arising on retranslation in the year was a gain of €2,115,000 (2010 – €4,929,000) for the Group and gain of €834,000 (2010 – €1,397,000) for the Company. The foreign currency translation reserves contain the accumulated foreign currency translation differences from the translation of the Accounts of the Group's foreign operations arising when the Group's entities are consolidated.

38 COMMITMENTS UNDER OPERATING LEASES

At the year end, the Group had outstanding commitments for future minimum lease payments and other costs under non-cancellable operating leases, which fall due as follows:

	2011 **€'000**	2010 **€'000**
Within one year	1,946	1,402
In two to five years	2,448	2,038
After five years	353	30
	4,747	3,470

The lease commitments relate primarily to leases of land and buildings. The leases have various terms and renewal rights.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

39 CASH GENERATED FROM OPERATIONS

Group	2011 **€'000**	2010 **€'000**
Profit before taxation	76,312	65,611
Depreciation	6,231	6,794
Profit on sale of property, plant and equipment	(51)	(2,014)
Amortisation of intangibles	178	178
Investment income	(3,359)	(1,789)
Interest expense	179	205
Increase in inventories	(13,603)	(3,417)
Decrease/(increase) in trade and other receivables	8,048	(38,716)
Increase in trade and other payables	5,831	10,569
Movement in retirement benefit obligations	(167)	309
Foreign exchange translation adjustments	722	1,272
Cash generated from operations	80,321	39,002

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2011

39 CASH GENERATED FROM OPERATIONS (continued)

Company	2011 €'000	2010 €'000
Profit before taxation	28,255	53,301
Depreciation	485	519
Profit on sale of property, plant and equipment	(21)	(312)
Dividend income received	(26,966)	(52,694)
Investment income	(1,872)	(954)
Interest expense	16	11
Increase)/decrease in inventories	(33)	11
Decrease/(increase) in trade and other receivables	12,359	(4,523)
Decrease in trade and other payables	(283)	(11,211)
Foreign exchange translation adjustments	9	806
	11,949	(15,046)

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